

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 MARC SPITZER, Chairman
4 WILLIAM A. MUNDELL
5 JEFF HATCH-MILLER
6 MIKE GLEASON
7 KRISTIN K. MAYES

8 In the matter of)

9 INTERNATIONAL GLOBAL POSITIONING,)
10 INC., a Nevada corporation)
11 720 Brazos Street, Suite 500)
12 Austin, TX 78701)

DOCKET NO. S-03523A-03-0000

DECISION NO. 66995

13 JOHN J. MADSEN)
14 11801 W HWY 71)
15 Austin TX 78738)

**ORDER TO CEASE AND DESIST AND
FOR OTHER RELIEF AND CONSENT
TO SAME**

16 MICHAEL J. COKER)
17 11801 W. HWY 71)
18 Austin, TX 78738)

**BY: RESPONDENT JAMES W.
DREOS, individually and dba DREOS
FINANCIAL SERVICES, and
RESPONDENT ESTHER DREOS**

19 JAMES W. DREOS, individually and dba DREOS)
20 FINANCIAL SERVICES, and ESTHER DREOS,)
21 husband and wife)
22 10201 E. North Ranch Gate Road)
23 Scottsdale, AZ 85255)
24 CRD# 802681)

25 EDMOND L. LONERGAN and DOLORES)
26 LONERGAN, husband and wife)
16126 East Powderhorn Drive)
Fountain Hills, AZ 85268)

CORPORATE ARCHITECTS, INC., a Nevada)
corporation)
8360 East Via de Ventura, Suite L-200)
Scottsdale, AZ 85258)

Respondents.)

27 JAMES W. DREOS ("DREOS"), individually and dba Dreos Financial Services, and ESTHER
28 DREOS, husband and wife (collectively "Respondents"), elect to permanently waive their right to
29 a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801,
30 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist and for Other Relief and

1 Consent to Same ("Order"). Respondents admit the jurisdiction of the Arizona Corporation
2 Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of
3 Law contained in this Order; and consent to the entry of this Order by the Commission.

4 **L**

5 **FINDINGS OF FACT**

6 1. DREOS was at all pertinent times a registered securities salesman in Arizona, CRD#
7 802681. Dreos's address is 6517 Night Glow Circle, Scottsdale, Arizona 85262. Dreos was
8 registered as a securities salesman in Arizona in association with American General Securities, Inc.
9 ("AGSI") from November 8, 2001, until he was discharged on or about September 12, 2002. All
10 allegations contained in the Notice of Opportunity for Hearing occurred while Dreos was registered
11 with AGSI.

12 2. From on or about October 9, 2002, until on or about March 25, 2003, Dreos was registered
13 as a securities salesman in association with Fox & Company Investments Inc. Pursuant to A.R.S. §
14 44-1949, Dreos's registration as a securities salesman in Arizona was automatically suspended on
15 the date of his termination with Fox & Company Investments Inc., on or about October 9, 2002.
16 Since that date, Dreos has not been registered with any securities dealer.

17 3. Dreos was at all pertinent times licensed with the Arizona Department of Insurance as an
18 insurance salesman, authorized to sell accident, health, and life insurance, and variable life and
19 annuities products. Dreos's authority to sell variable life and annuities products expired on
20 September 30, 2003. Dreos's authority to sell accident, health, and life products is current until
21 September 30, 2005.

22 4. Esther Dreos was at all pertinent times the spouse of Dreos. Esther Dreos is joined in this
23 action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the marital
24 community.

25 5. At all pertinent times, Dreos was acting for his own benefit, and for the benefit or in
26 furtherance of the marital community.

1 6. INTERNATIONAL GLOBAL POSITIONING, INC. ("IGP") operated from offices in
2 Arizona located at 3200 N. Central Ave., Suite 1990, Phoenix, Arizona 85012, from at least July 1,
3 1999, until approximately June 2002. John J. Madsen ("Madsen") and Michael J. Coker ("Coker")
4 are and were at all pertinent times the principals of IGP.

5 7. IGP purported to market a global positioning device that, mounted in an automobile, could
6 communicate through a satellite, on a cellular communications technology, information including
7 where it was located, its speed and direction. IGP's plan was to sell stock to private investors and
8 distributorship franchises nationwide to market the device. In or around July 2001, IGP initiated a
9 stock offering, represented as a private placement under federal Rule 506, Regulation D.

10 8. Sometime in 2001, DREOS formed an association with Edmond L. Lonergan ("Lonergan").
11 In or around October 2001, Lonergan introduced Dreos to Madsen and IGP. Dreos formed an
12 understanding with the principals of IGP that Dreos would write insurance for IGP and would help in
13 a number of areas through Lonergan and CAI, including referring friends and associates to IGP for
14 investments in stock and distributorships.

15 9. Dreos referred some of his insurance clients and others to meet with Madsen to discuss
16 investment s in IGP common stock through its private placement, and purchasing distributorships. In
17 connection with these referrals, Dreos spoke with these individuals about IGP's business and its
18 intention to become a public company in the future. Dreos recommended that prospective investors
19 call IGP to obtain needed information about the company. Dreos also personally invested in IGP
20 stock and a distributorship.

21 10. Investors in IGP's "private placement" stock offering including Dreos were told that when the
22 company went public they would have the opportunity to purchase IGP stock for the reduced price
23 that they paid for their private placement stock and to resell the stock they purchased in the private
24 offering at one and one half times its original purchase price thereby recouping the original purchase
25 price of their privately held stock. Investors in the private sales were issued warrants to purchase
26 additional IGP stock after it became a public company at the same price as the original purchase.

1 11. Investors did not receive meaningful disclosure of material information about IGP's financial
2 condition or the background of its principals prior to investing. For instance, investors were not told
3 that on November 5, 2001, Madsen entered into an agreement pleading guilty to mail fraud in the
4 United States District Court, District of Arizona, a violation of Title 18, United States Code, Section
5 1341 a Class D felony offense.

6 12. To this date, IGP is not listed on any public exchange, and the investors have received no
7 return on their investments.

8 13. Dreos entered a consulting agreement with CAI, whereby Dreos would receive consulting
9 fees from CAI for "Marketing and advertising materials." Pursuant to the consulting agreement,
10 Dreos was to receive consulting fees not only to make referrals for IGP but also for all CAI
11 customers. Dreos negotiated a consulting fee of \$200 per hour not to exceed 15 hours or \$3,000 per
12 month. In addition to referrals, Dreos was to assist CAI clients in developing business plans,
13 marketing plans, website or redesign, personnel including interviewing top level personnel. Dreos
14 referred a qualified person hired by IGP. Dreos arranged for IGP to meet with website and marketing
15 people. Dreos also sold IGP "key-man" insurance policies on the principals, Madsen and Coker.

16 14. On or about December 20, 2001, CAI paid Dreos approximately \$19,925.00 as "consulting
17 fees" for his efforts to assist CAI clients including IGP, unrelated to insurance sales.

18 **II.**

19 **CONCLUSIONS OF LAW**

20 1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona
21 Constitution and the Securities Act.

22 2. IGP offered or sold securities in the form of common stock within or from Arizona,
23 within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

24 3. The IGP stock was neither registered nor exempt from registration, in violation of
25 A.R.S. § 44-1841.

5 6. Respondents' conduct is grounds for an order pursuant to A.R.S. § 44-2036.

7 ||| **III.**

9 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents'
10 consent to the entry of this Order, the Commission finds that the following relief is appropriate, in
11 the public interest, and necessary for the protection of investors:

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents and their marital community shall pay, jointly and severally, the amount of \$19,925.00, plus interest at the rate of 10% per annum from the date of entry of this Order until paid in full. Payment shall be made by cashier's check or money order payable to the "State of Arizona" to be placed in an interest-bearing account maintained and controlled by the Arizona Attorney General. The Arizona Attorney General shall disburse the funds on a pro rata basis to investors shown on the records of the Securities Division.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents and their marital community shall pay, jointly and severally, the amount of \$2,500.00, payable to the "State of Arizona." Payment shall be made in full by cashier's check or money order on the date of this Order. Respondents further agree to pay interest at the rate of 10% per annum from the date of this Order until such amount is paid in full.

Decision No. 66995

1 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that DREOS's securities
2 salesman registration is revoked.

3 IT IS FURTHER ORDERED that this Order shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

5
6
7 /s/ Marc Spitzer William Mundell
8 CHAIRMAN COMMISSIONER COMMISSIONER

9
10
11 Lowell Gleason Kristin Mayes
12 COMMISSIONER COMMISSIONER

13 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
14 Executive Secretary of the Arizona Corporation
15 Commission, have hereunto set my hand and caused the
16 official seal of the Commission to be affixed at the
17 Capitol, in the City of Phoenix, this 24th day of
May, 2004.

18 /s/ Brian C. McNeil
19 BRIAN C. McNEIL
20 Executive Secretary

21
22 _____
DISSENT

23 This document is available in alternative formats by contacting Yvonne L. McFarlin, Executive
24 Assistant to the Executive Secretary, voice phone number 602-542-3931, E-mail
ymcfarlin@cc.state.az.us.

25 (PTJ)
26

CONSENT TO ENTRY OF ORDER

1
2 1. JAMES W. DREOS ("DREOS"), doing business as Deos Financial Services, and
3 Esther Dreos, husband and wife (collectively "Respondents"), admit the jurisdiction of the
4 Commission over the subject matter of this proceeding. Respondents acknowledge that they have
5 been fully advised of their right to a hearing to present evidence and call witnesses and
6 Respondents knowingly and voluntarily waive any and all rights to a hearing before the
7 Commission and all other rights otherwise available under Article 11 of the Securities Act and
8 Title 14 of the Arizona Administrative Code. Respondents acknowledge that this Order To Cease
9 And Desist and for Other Relief and Consent to Same ("Order") constitutes a valid final order of
10 the Commission.

11 2. Respondents knowingly and voluntarily waive any right they may have under Article
12 12 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary
13 relief resulting from the entry of this Order.

14 3. Respondents acknowledge and agree that this Order is entered into freely and
15 voluntarily and that no promise was made or coercion used to induce such entry.

16 4. Respondents acknowledge that they have been represented by counsel in this matter,
17 they have reviewed this Order with their attorney and understand all terms it contains.

18 5. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law
19 contained in this Order.

20 6. By consenting to the entry of this Order, Respondents agree not to take any action or to
21 make, or permit to be made, any public statement denying, directly or indirectly, any Finding of
22 Fact or Conclusion of Law in this Order or to create the impression that this Order is without
23 factual basis. Respondents will undertake steps necessary to assure that all of their agents and
24 employees understand and comply with this agreement. Nothing in this provision affects
25 Respondents' testimonial obligations or rights to take legal positions in litigation in which an
26 administrative agency of the State of Arizona is not a party.

1 7. While this Order settles this administrative matter between Respondents and the
2 Commission, Respondents understand that this Order does not preclude the Commission from
3 instituting other administrative proceedings based on violations that are not addressed by this
4 Order.

5 8. Respondents understand that this Order does not preclude the Commission from
6 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
7 that may be related to the matters addressed by this Order.

8 9. Respondents understand that this Order does not preclude any other agency or officer of
9 the state of Arizona or its subdivisions from instituting administrative, civil or criminal
10 proceedings that may be related to matters addressed by this Order.

11 10. Respondents agree that they will not apply to the state of Arizona for registration as a
12 securities dealer or salesman or for licensure as an investment adviser or investment adviser
13 representative at any time in the future.

14 11. Respondents agree that they will not exercise any control over any entity that offers or
15 sells securities or provides investment advisory services, within or from Arizona.

16 12. Respondents agree that until all amounts due under this Order are paid in full,
17 Respondents will notify the Director of the Securities Division within 30 days of any change in
18 home address or any change in Respondents' ability to pay amounts due under this Order.

19 13. Respondents understand that default shall render them liable to the Commission for its
20 costs of collection and interest at the maximum legal rate.

21 14. Respondents agree that they will continue to cooperate with the Securities Division
22 including, but not limited to, providing complete and accurate testimony at any hearing in this
23 matter and cooperating with the state of Arizona in any related investigation or any other matters
24 arising from the activities described in this Order.

1 15. DREOS and DREOS's spouse acknowledge that any monetary obligations and all
2 amounts imposed by this Order are obligations of the Respondents as well as the marital
3 community.

4 16. Respondents consent to the entry of this Order and agree to be fully bound by its terms
5 and conditions. If Respondents breach any provision of this Order, the Commission may vacate
6 this Order and restore this case to its active docket.

7
8
9 /s/ James W. Dreos
10 JAMES W. DREOS

11 SUBSCRIBED AND SWORN TO BEFORE me this 29th day of April, 2004.

12
13 /s/ Jerry E. Lowe
14 NOTARY PUBLIC

15 My Commission Expires:
16 September 24, 2006

17
18 /s/ Esther K. Dreos
19 ESTHER DREOS

20 SUBSCRIBED AND SWORN TO BEFORE me this 30 day of April, 2004.

21
22 /s/ Margaret R. Salsburg
23 NOTARY PUBLIC

24 My Commission Expires:
25 8-6-2005